



House of Representatives

General Assembly

File No. 671

February Session, 2026

Substitute House Bill No. 5539

House of Representatives, April 16, 2026

The Committee on Finance, Revenue and Bonding reported through REP. HORN of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REQUIREMENTS FOR AND PENALTIES ON HOLDERS OF DEALER REGISTRATIONS REGARDING ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS AND MANUFACTURER REGISTRATION REQUIREMENTS OF SUCH DELIVERY SYSTEMS AND PRODUCTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21a-415 of the 2026 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2026*):

4 (a) As used in this chapter:

5 (1) "Authorized owner" means the owner or authorized designee of a
6 business entity that is applying for a registration or is registered with
7 the Department of Consumer Protection pursuant to this chapter;

8 (2) "Business entity" means any corporation, limited liability
9 company, association, partnership, sole proprietorship, government,

10 governmental subdivision or agency, business trust, estate, trust or any
11 other legal entity;

12 (3) "Cigarette" has the same meaning as provided in subsection (b) of
13 section 12-285;

14 (4) "Dealer registration" means an electronic nicotine delivery system
15 certificate of dealer registration issued by the Commissioner of
16 Consumer Protection pursuant to this section;

17 (5) "Deliver" or "delivering" means transferring, or offering or
18 attempting to transfer, physical possession or control of an electronic
19 nicotine delivery system or vapor product by any person, whether done
20 as principal, proprietor, agent, servant or employee;

21 (6) "Drug paraphernalia" has the same meaning as provided in
22 section 21a-240;

23 (7) "Electronic cigarette liquid" means a liquid that, when used in an
24 electronic nicotine delivery system or vapor product, produces a vapor
25 that may or may not include nicotine and is inhaled by the user of such
26 electronic nicotine delivery system or vapor product;

27 (8) "Electronic nicotine delivery system" means an electronic device
28 used in the delivery of nicotine or other substances to an individual
29 inhaling from the device, and includes, but is not limited to, an
30 electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe
31 or electronic hookah and any related device and any cartridge or other
32 component of such device, including, but not limited to, electronic
33 cigarette liquid;

34 (9) "Manufacturer registration" means an electronic nicotine delivery
35 system certificate of manufacturer registration issued by the
36 Commissioner of Consumer Protection pursuant to section 21a-415a to
37 any person who mixes, compounds, repackages or resizes any nicotine-
38 containing electronic nicotine delivery system or vapor product;

39 (10) "Sale" or "sell" means transferring, or offering or attempting to

40 transfer, for consideration, including bartering or exchanging, or
41 offering to barter or exchange by any person, whether done as principal,
42 proprietor, agent, servant or employee;

43 (11) "Tobacco products" has the same meaning as provided in section
44 12-330a; and

45 (12) "Vapor product" means any product that employs a heating
46 element, power source, electronic circuit or other electronic, chemical or
47 mechanical means, regardless of shape or size, to produce a vapor that
48 may include nicotine and is inhaled by the user of such product. "Vapor
49 product" does not include a medicinal or therapeutic product that is (A)
50 used by a licensed health care provider to treat a patient in a health care
51 setting, (B) used by a patient, as prescribed or directed by a licensed
52 health care provider in any setting, or (C) any drug or device, as defined
53 in the federal Food, Drug and Cosmetic Act, 21 USC 321, as amended
54 from time to time, any combination product, as described in said act, 21
55 USC 353(g), as amended from time to time, or any biological product, as
56 described in 42 USC 262, as amended from time to time, and 21 CFR
57 600.3, as amended from time to time, authorized for sale by the United
58 States Food and Drug Administration.

59 (b) (1) No person in this state may sell or possess with intent to sell
60 an electronic nicotine delivery system or a vapor product unless such
61 person is employed by, an agent of or directly affiliated with a business
62 entity that maintains a dealer registration issued by the Commissioner
63 of Consumer Protection pursuant to this section. A separate dealer
64 registration shall be required for each place of business where such
65 system or product is sold, offered for sale or possessed with the intent
66 to sell. A dealer registration shall allow the sale of electronic nicotine
67 delivery systems or vapor products at such place of business. A holder
68 of a dealer registration shall post such registration in a prominent
69 location adjacent to electronic nicotine delivery system products or
70 vapor products offered for sale.

71 (2) The holder of a dealer registration shall maintain a sign, in a form
72 and manner prescribed by the commissioner and posted on the

73 Department of Consumer Protection's Internet web site, on all external
74 entry doors of the location operated under such dealer registration,
75 which shall clearly disclose that cannabis may not be sold at such
76 location. As used in this subsection and subsection (j) of this section,
77 "cannabis" has the same meaning as provided in section 21a-420.

78 (3) Each holder of a dealer registration that derives at least fifty per
79 cent of its annual gross revenue from sales of cigarettes, drug
80 paraphernalia, electronic nicotine delivery systems, nicotine products,
81 synthetic nicotine, tobacco products and vapor products shall: [verify]

82 (A) Verify, with a valid government-issued driver's license or identity
83 card, the age of each individual entering the location operated under
84 such dealer registration, and shall prohibit any individual younger than
85 twenty-one years of age from entering such location; and

86 (B) Obtain a compliance bond in an amount not less than two
87 hundred fifty thousand dollars. Such compliance bond (i) may be
88 provided by a corporate surety or posted as cash held in an attorney's
89 escrow account or as United States government bonds payable to the
90 state, (ii) shall be conditioned on the holder of a dealer registration's
91 compliance with all laws and regulations governing such holder's
92 business and payment of all taxes, fees, penalties and other charges
93 related to such business, and (iii) shall provide that it is forfeited to the
94 state upon the holder's violation of a law applicable to such holder's
95 business. The Commissioner of Consumer Protection may use the
96 proceeds of the compliance bond for the payment of fines or penalties
97 assessed against the holder of a dealer registration or to reimburse costs
98 associated with the seizure and confiscation of such holder's products
99 and the destruction of such confiscated products.

100 (4) Each holder of a dealer registration shall maintain a complete set
101 of records required pursuant to this section, and all financial records
102 necessary to verify whether such holder derives at least fifty per cent of
103 its annual gross revenue from sales of cigarettes, drug paraphernalia,
104 electronic nicotine delivery systems, nicotine products, synthetic
105 nicotine, tobacco products and vapor products, for the then current tax

106 year and the three immediately preceding tax years. Such holder shall
107 make such records immediately available to the department, upon a
108 request made by the department, for inspection and copying by the
109 department. Such holder shall produce such records to the department
110 not later than three days after the department requests such records.
111 Such holder shall produce such records to the department in an
112 electronic format, unless it is commercially impractical to produce such
113 records to the department in an electronic format. No person shall use
114 any foreign language, code or symbol in maintaining the records
115 required under this section.

116 (c) (1) Any applicant for a dealer registration or a renewal of a dealer
117 registration shall apply to the Department of Consumer Protection, in a
118 form and manner prescribed by the Commissioner of Consumer
119 Protection, which application shall include, at a minimum:

120 (A) The name, address and electronic mail address of the applicant;

121 (B) The location that is to be or is operated under such dealer
122 registration;

123 (C) The name of, and contact information for, each individual who
124 has a direct or indirect financial interest in such applicant, unless (i) such
125 applicant is a publicly traded company listed on a national stock
126 exchange, or (ii) the financial interest held by such individual owner and
127 such individual's spouse, parents and children, in the aggregate, does
128 not exceed [ten] five per cent of the total ownership or interest rights in
129 such applicant;

130 (D) A third-party local and national criminal background check for
131 each owner listed on such application, which background check shall (i)
132 be conducted by a third-party consumer reporting agency or
133 background screening company that is in compliance with the federal
134 Fair Credit Reporting Act and accredited by the Professional
135 Background Screening Association, (ii) include a multistate and
136 multijurisdiction criminal record locator or other similar commercial
137 nation-wide database with validation and such other background

138 screening as the commissioner may require, and (iii) be requested by
139 such applicant not more than sixty days prior to submission of such
140 application;

141 (E) The name of the individual who shall serve as the fiduciary agent
142 and guarantor for such applicant, which individual shall be personally
143 liable in the event of any noncompliance that results in a debt owed to
144 the department;

145 (F) A disclosure of any enforcement action against, and any
146 negotiated settlement entered into by, such applicant or any owner
147 disclosed pursuant to this subsection, which action or settlement is
148 related to the sale of cigarettes, electronic nicotine delivery systems,
149 tobacco products or vapor products;

150 (G) The name of a manager or supervisor who is or will be physically
151 present at such applicant's location or proposed location; [and]

152 (H) A certification that (i) an authorized owner or named designee of
153 such applicant has successfully completed the online prevention
154 education program administered by the Department of Mental Health
155 and Addiction Services pursuant to section 17a-719, and (ii) all
156 electronic nicotine delivery systems and vapor products offered for sale
157 by the applicant comply with federal and state law, including the federal
158 Food, Drug and Cosmetic Act, 21 USC 387 et seq., as amended from time
159 to time; and

160 (I) Proof that the applicant has obtained a compliance bond as
161 required under subparagraph (B) of subdivision (3) of subsection (b) of
162 this section.

163 (2) The Department of Consumer Protection: (A) May require that an
164 applicant submit documents sufficient to establish that state and local
165 building, fire and zoning requirements will be met at the location of any
166 sale; (B) may, in the department's discretion, conduct an investigation to
167 determine whether a dealer registration shall be issued to an applicant;
168 and (C) shall not issue a dealer registration or a renewal of a dealer

169 registration to an applicant unless the applicant certifies that an
170 authorized owner or named designee of the applicant has successfully
171 completed the online prevention education program administered by
172 the Department of Mental Health and Addiction Services pursuant to
173 section 17a-719.

174 (3) The commissioner shall issue a dealer registration or a renewal of
175 a dealer registration to any such applicant not later than thirty days after
176 the date of application unless the commissioner finds: (A) The applicant,
177 or any individual named in such application pursuant to subparagraph
178 (C) of subdivision (1) of this subsection, has made a materially false or
179 misleading statement in such application or in any other application
180 made to the commissioner; (B) the applicant has neglected to pay any
181 taxes due to this state; (C) the authorized owner or named designee of
182 the applicant has not successfully completed the online prevention
183 education program administered by the Department of Mental Health
184 and Addiction Services pursuant to section 17a-719; (D) the third-party
185 local and national criminal background check for any authorized owner
186 or named designee of the applicant [has a criminal history that is]
187 affords a sufficient basis for denial under section 46a-80; or (E) the
188 applicant, any authorized owner of the applicant or any entity owned
189 or managed by any individual named in the applicant's application
190 pursuant to subparagraph (C) of subdivision (1) of this subsection (i) has
191 [violated] committed multiple violations of any other provision of this
192 section, (ii) is the subject of a delinquency assessment by the Department
193 of Revenue Services, or (iii) is the subject of any other adverse
194 determination by a government agency.

195 (4) A dealer registration issued under this section shall be renewed
196 annually and may be suspended or revoked at the discretion of the
197 Department of Consumer Protection. A dealer registration shall not
198 constitute property, nor shall it be subject to attachment and execution,
199 nor shall it be alienable. Each holder of a dealer registration shall
200 annually attest in each renewal application as to whether such holder
201 derived at least fifty per cent of its annual gross revenue from sales of
202 cigarettes, drug paraphernalia, electronic nicotine delivery systems,

203 nicotine products, synthetic nicotine, tobacco products and vapor
204 products.

205 (5) The applicant shall pay to the department a nonrefundable
206 application fee of one thousand dollars, which fee shall be in addition to
207 the annual fee prescribed in subsection (d) of this section. An application
208 fee shall not be charged for an application to renew a dealer registration.

209 (d) The annual fee for a dealer registration shall be eight hundred
210 dollars.

211 (e) (1) The Department of Consumer Protection may renew a dealer
212 registration issued under this section that has expired if the applicant
213 pays to the department any late fee imposed by the Commissioner of
214 Consumer Protection pursuant to subsection (d) of section 21a-4, which
215 late fee shall be in addition to the fees prescribed in this section for the
216 dealer registration applied for.

217 (2) A person holding a dealer registration shall update, through the
218 Department of Consumer Protection's online licensing system, any
219 application information such person has provided to the department
220 pursuant to this section, including, but not limited to, any contact
221 information, ownership information or criminal histories of the
222 individual owners of the business entity, not later than thirty days after
223 any change in such information.

224 (3) A person holding a dealer registration shall be deemed to have
225 constructive notice of communications sent by the Commissioner of
226 Consumer Protection to an electronic mail address provided by such
227 person.

228 (f) (1) Any business entity in the state that sells, offers for sale or
229 possesses with intent to sell an electronic nicotine delivery system or
230 vapor product without a dealer registration as required under this
231 section shall, after a hearing conducted pursuant to chapter 54, be fined
232 not more than five thousand dollars per violation.

233 (2) Notwithstanding the provisions of subdivision (1) of this

234 subsection, any business entity with a dealer registration that has
235 expired for a period of ninety calendar days or less and that, during such
236 ninety-day period, sells, offers for sale or possesses with intent to sell an
237 electronic nicotine delivery system or vapor product shall be fined not
238 more than five hundred dollars for each day such business entity is in
239 violation of the provisions of this subdivision.

240 [(3) A person holding a dealer registration shall update, through the
241 Department of Consumer Protection's online licensing system, any
242 application information such person has provided to the department
243 pursuant to this section, including, but not limited to, any contact
244 information, ownership information or criminal histories of the
245 individual owners of the business entity, not later than thirty days after
246 any change in such information.]

247 (g) (1) For sufficient cause found as set forth in subdivision (2) of this
248 subsection, the Commissioner of Consumer Protection may suspend or
249 revoke a dealer registration, issue fines of not more than ten thousand
250 dollars per violation, require the forfeiture of the full value of the
251 registrant's compliance bond, accept an offer in compromise or refuse to
252 grant or renew a dealer registration, [or] place the registrant on
253 probation, place conditions on such registrant or take other actions
254 authorized by law. No information derived from an inspection or
255 investigation conducted by the Department of Consumer Protection
256 related to an administrative complaint or case shall be subject to
257 disclosure under the Freedom of Information Act, as defined in section
258 1-200, unless the department has entered into a settlement agreement,
259 or otherwise concluded its investigation or inspection as evidenced by
260 case closure. Nothing in this subdivision shall be construed to prevent
261 the department from sharing any information with another state or
262 federal agency or law enforcement insofar as such information relates to
263 an investigation of any suspected violation of applicable law.

264 (2) Any of the following shall constitute sufficient cause for the
265 purposes of subdivision (1) of this subsection:

266 (A) Furnishing any false or fraudulent information in an application

267 or any failure to comply with the representations made in an
268 application;

269 (B) A civil judgment against, or conviction of, an owner or applicant,
270 after review and application of the denial criteria set forth in section 46a-
271 80;

272 (C) Any failure to maintain effective controls against diversion, theft
273 or loss of electronic nicotine delivery systems and vapor products;

274 (D) Any denial, suspension or revocation of a license or registration
275 related to the sale of cigarettes, electronic nicotine delivery systems,
276 tobacco products or vapor products, or any denial of a renewal of a
277 license or registration related to the sale of cigarettes, electronic nicotine
278 delivery systems, tobacco products or vapor products, by any federal,
279 state or local government or a foreign jurisdiction;

280 (E) Any false, misleading or deceptive representation made to the
281 public or to the department;

282 (F) Any involvement in a fraudulent or deceitful practice or
283 transaction;

284 (G) The possession, offer or sale of any illegal or controlled substance
285 by the registrant, any owner of the registrant or any person with a
286 financial interest in the registrant, unless otherwise permitted by
287 applicable law;

288 (H) Any failure to register a trade name of the business entity with
289 the town in which the registrant engages in business;

290 (I) Any failure to notify the department of any change in the
291 information concerning the business entity, owners, ownership
292 information or designated manager or supervisor;

293 (J) Any adverse administrative decision or delinquency assessment
294 against the registrant by the Department of Revenue Services;

295 (K) Any failure to cooperate, provide unfettered access to the location

296 or provide information to the department, local law enforcement
297 authorities or any other enforcement agency concerning any matter
298 arising out of conduct in connection with a licensee or registrant;

299 (L) Advertising an electronic nicotine delivery system or vapor
300 product in any manner that (i) is designed to appeal to individuals who
301 are younger than twenty-one years of age by, among other things, (I)
302 making use of any spokesperson or celebrity who appeals to individuals
303 who are under the legal age to purchase electronic nicotine delivery
304 systems or vapor products, (II) depicting any individual who is younger
305 than twenty-five years of age using an electronic nicotine delivery
306 system or vapor product, (III) including any object, such as a toy,
307 character or cartoon character, that suggests the presence of an
308 individual who is younger than twenty-one years of age, or (IV) making
309 use of any other depiction or method that is designed in any manner to
310 be appealing to an individual who is younger than twenty-one years of
311 age, or (ii) claims or implies that (I) any electronic nicotine delivery
312 system or vapor product has any curative or therapeutic effect, or (II)
313 any medical claim is true;

314 (M) Allowing an employee to promote any electronic nicotine
315 delivery system or vapor product for a wellness purpose; or

316 (N) Any failure to comply with any provision of this chapter or any
317 regulation adopted pursuant to this chapter.

318 (h) (1) Upon refusal to issue or renew a dealer registration, the
319 Commissioner of Consumer Protection shall notify the applicant of the
320 denial and of the applicant's right to request a hearing not later than ten
321 days after the applicant receives the notice of denial. If the applicant
322 requests a hearing within such ten-day period, the commissioner shall
323 give notice of the grounds for the commissioner's refusal and shall
324 conduct a hearing concerning such refusal in accordance with the
325 provisions of chapter 54 concerning contested cases. If the
326 commissioner's denial is sustained after such hearing, the applicant
327 shall not apply for a new dealer registration for a period of one year after
328 the date on which such denial was sustained.

329 [(i)] (2) No person whose dealer registration has been revoked,
330 including the owners of such registrant, and any person with a financial
331 interest in such registrant, shall apply for a dealer registration or have a
332 financial interest in an applicant under this section for a period of one
333 year after the date of such revocation.

334 [(j)] (3) The voluntary surrender of a dealer registration, or the failure
335 to renew a dealer registration, shall not prevent the Commissioner of
336 Consumer Protection from suspending or revoking such dealer
337 registration or imposing other penalties permitted by applicable law.

338 (i) The Commissioner of Consumer Protection may impose a civil
339 penalty of not more than ten thousand dollars for each electronic
340 nicotine delivery system and vapor product sold, offered for sale or
341 marketed in violation of this section. For purposes of this subdivision,
342 each such electronic nicotine delivery system or vapor product shall
343 constitute a separate violation. The Attorney General, upon request of
344 the commissioner, may bring an action in the superior court for the
345 judicial district of Hartford to collect such civil penalty and for any
346 injunctive or equitable relief. In any action brought by the Attorney
347 General to enforce the provisions of this section, the state shall be
348 entitled to recover, when the state is the prevailing party, the costs of
349 investigation, expert witness fees, costs of the action and reasonable
350 attorneys' fees.

351 (j) (1) Any electronic nicotine delivery system or vapor product sold,
352 offered for sale or marketed in violation of this section by a registrant
353 shall be deemed a common nuisance and shall be subject to immediate
354 seizure by the state or local police. The authorized officer shall hold such
355 electronic nicotine delivery system or vapor product subject to
356 confiscation and destruction by order of a court of competent
357 jurisdiction. All costs of such seizure, confiscation and destruction shall
358 be borne by the registrant selling, offering for sale or marketing such
359 electronic nicotine delivery system or vapor product and may be paid
360 from the proceeds of the registrant's compliance bond or sought from
361 the registrant's fiduciary agent or guarantor.

362 (2) Any controlled substance or cannabis sold, offered for sale or
363 marketed by a registrant in violation of chapter 420b, 420f or 420h, as
364 applicable, or regulations adopted thereunder, shall be subject to the
365 provisions of subdivision (1) of this subsection.

366 (k) A violation of this section shall be an unfair trade practice
367 pursuant to subsection (a) of section 42-110b.

368 ~~[(k)]~~ (l) All fees, settlement amounts and fines collected under this
369 section shall be deposited in the consumer protection enforcement
370 account established in section 21a-8a.

371 Sec. 2. (NEW) (Effective October 1, 2026) (a) (1) Not later than January
372 1, 2027, each manufacturer of an electronic nicotine delivery system or
373 a vapor product that is sold or offered for sale in the state shall register
374 such delivery system or product with the Department of Consumer
375 Protection and provide the information required under this section.
376 Each such manufacturer shall renew its registration annually and shall
377 pay an initial registration fee of two thousand dollars for each electronic
378 delivery system or vapor product the manufacturer sells or offers for
379 sale in the state and a renewal fee of five hundred dollars for each such
380 delivery system or product.

381 (2) Not later than October 1, 2027, the Department of Consumer
382 Protection shall develop and maintain a directory of (A) all electronic
383 nicotine delivery systems and vapor products sold or offered for sale in
384 the state, and (B) the manufacturers of such delivery systems and
385 products. The department shall post the directory on its Internet web
386 site and shall update it as necessary, but not less than annually.

387 (3) On and after January 1, 2028, no electronic nicotine delivery
388 system or vapor product that is not listed in the directory shall be sold
389 or offered for sale in the state.

390 (b) (1) Each manufacturer of an electronic nicotine delivery system or
391 a vapor product that is sold or offered for sale in the state shall certify
392 under penalty of false statement that such electronic delivery system or

393 vapor product (A) has been issued a marketing granted order by the
 394 federal Food and Drug Administration, or (B) was on the market as of
 395 September 9, 2020, and the manufacturer has received a filing letter or a
 396 substantive review letter from the federal Food and Drug
 397 Administration confirming that the application for the electronic
 398 delivery system or vapor product is currently undergoing scientific
 399 evaluation by the federal government.

400 (2) Each manufacturer shall provide to the Commissioner of
 401 Consumer Protection (A) a copy of the marketing granted order or the
 402 filing letter or substantive review letter, as applicable, (B) a unique
 403 submission tracking number for each electronic delivery system or
 404 vapor product, and (C) an annual certification that the electronic
 405 delivery system or vapor product has not been issued a marketing
 406 denial order by the federal Food and Drug Administration or been
 407 withdrawn from the federal review process.

408 (c) On and after the date set forth in subdivision (3) of subsection (a)
 409 of this section, any electronic delivery system or vapor product that is
 410 sold or offered for sale in the state in violation of this section shall be
 411 subject to the penalties and seizure provisions set forth in section 21a-
 412 415 of the general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2026	21a-415
Sec. 2	October 1, 2026	New section

Statement of Legislative Commissioners:

In Section 1(b)(2), "As used in this section" was changed to "As used in this subsection" for accuracy, and in Section 2(a)(1), "such delivery system or product" was added after "shall register" for clarity.

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Consumer Protection, Dept.	GF - Cost	53,436	65,248
State Comptroller - Fringe Benefits ¹	GF - Cost	17,329	23,105
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes to electronic nicotine delivery system and vapor product (i.e. e-cigarette) regulations resulting in the costs and potential revenue gains described below.

Costs:

The bill requires the Department of Consumer Protection (DCP) to ensure e-cigarette dealers have a compliance bond of at least \$250,000 and requires DCP to maintain a directory of all e-cigarettes sold in the state, resulting in a total cost to the state of \$70,765 in FY 27 and \$88,353 in FY 28.

To meet the requirements of the bill, DCP will need approximately \$10,000 per year for overtime for existing staff and the agency will have

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

to hire a processing technician for a cost of \$43,436 in FY 27² and \$55,248 in FY 28, along with associated fringe benefit costs of \$17,329 in FY 27 and \$23,105 in FY 28. The overtime funding and additional employee are needed to ensure e-cigarette dealers procure compliance bonds, process the data submitted by the manufacturers, and maintain the directory.

Potential Revenue Gain:

Section 1 allows DCP to impose a civil penalty of up to \$10,000 for certain e-cigarette violations resulting in a potential revenue gain to the General Fund (GF) to the extent violations occur.

Section 2 requires manufacturers to pay an initial registration fee of \$2,000 and annual renewal fee of \$500 for each e-cigarette product sold in the state resulting in a revenue gain to the GF.

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to employee wage increases, the amount of overtime required, the number of violations, the number of e-cigarette products, and inflation.

²Costs in FY 27 reflect nine months of expenditures due to the bill's 10/1/2026 effective date.

OLR Bill Analysis**sHB 5539*****AN ACT CONCERNING REQUIREMENTS FOR AND PENALTIES ON HOLDERS OF DEALER REGISTRATIONS REGARDING ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS AND MANUFACTURER REGISTRATION REQUIREMENTS OF SUCH DELIVERY SYSTEMS AND PRODUCTS.*****SUMMARY**

This bill expands the requirements for businesses that sell electronic nicotine delivery systems (ENDS) or vapor products, commonly known as e-cigarette dealers. By law, e-cigarette dealers must have a dealer registration for each of their business locations and renew it annually. Among other things, the bill:

1. requires certain e-cigarette dealers to get a compliance bond of at least \$250,000 that is conditioned on the dealer's compliance with applicable laws and payment of related taxes, fees, penalties, and other charges;
2. expands the individual owners who must provide their contact information and a third-party background check as part of a dealer's application to include anyone with at least 5%, rather than 10%, ownership or interest rights;
3. expands the information dealer registration applicants must provide to include a certification that the ENDS or vapor products they sell comply with federal and state laws;
4. generally expands the circumstances under which the Department of Consumer Protection (DCP) may deny a dealer's registration or take other enforcement actions;
5. extends the existing one-year reapplication prohibition to anyone

with a financial interest in the e-cigarette dealer and prohibits anyone whose dealer registration was revoked from having a financial interest in another applicant for one year after the revocation date;

6. authorizes the DCP commissioner to impose a civil penalty of up to \$10,000 for each ENDS or vapor product sold in violation of the dealer registration law and requires these products to be deemed a common nuisance and subject to seizure by police;
7. specifies that registered e-cigarette dealers are deemed to have constructive notice of communications the DCP commissioner sends to an email address they provided;
8. makes violations of the dealer registration law a violation of the Connecticut Unfair Trade Practices Act (CUTPA, see BACKGROUND); and
9. makes technical and conforming changes.

The bill also establishes product certification and registration requirements for anyone manufacturing ENDS and vapor products sold in Connecticut. Specifically, it requires these manufacturers to:

1. by October 1, 2026, certify that their products have received specified federal Food and Drug Administration (FDA) approvals or documents and
2. by January 1, 2027, annually register with DCP each product they sell in Connecticut and pay an initial \$2,000 registration fee and \$500 renewal fee for each one.

It requires DCP, by October 1, 2027, to create an online directory of ENDS and vapor products sold in the state and bans the sale of unlisted products starting January 1, 2028.

EFFECTIVE DATE: October 1, 2026

§ 1 — E-CIGARETTE DEALERS

Compliance Bonds

The bill imposes a compliance bond requirement on e-cigarette dealers that derive at least 50% of their annual gross revenue from selling e-cigarettes and cigarettes; drug paraphernalia; synthetic nicotine; and nicotine, tobacco, or vapor products. The bond must be for at least \$250,000 and may be (1) provided by a surety bond company, (2) posted as cash in an attorney's escrow account, or (3) posted as U.S. government bonds payable to the state.

The bond must be:

1. conditioned on the registration holder complying with the laws and regulations for e-cigarette businesses and paying all related taxes, fees, penalties, and charges and
2. forfeited to the state if the holder violates any applicable business law.

The bill allows DCP to require the compliance bond's full value to be forfeited and its proceeds used to pay fines and penalties assessed against the holder or as reimbursement for product seizure, confiscation, and destruction costs (as described below).

Individual Owners

Existing law generally requires anyone applying for an initial or renewal e-cigarette dealer registration to provide the name and contact information and a third-party background check for the business's individual owners (those with a direct or indirect financial interest in the applicant). The bill expands this requirement to cover anyone with at least 5%, rather than 10%, ownership or interest rights in the business. As under current law, this includes the total financial interest held by the individual owner and his or her spouse, parents, and children.

As under existing law, applicants do not need to provide this information if they are a publicly traded company listed on a national stock exchange.

Grounds for Denying an Initial or Renewal Dealer Registration

Under current law, the DCP commissioner must issue a dealer registration within 30 days of the application unless he makes certain findings. The bill extends the same timeframe and reasons for denying a dealer registration to renewals and expands the reasons for a denial to include the following:

1. if an individual owner named in the application made materially false or misleading statements in a DCP application, rather than just the applicant;
2. if the business owner's or named designee's criminal background check is sufficient for denying the registration under the existing law that prohibits state-issued credentials because of a prior criminal conviction, rather than if the commissioner finds that the applicant has a criminal history sufficient to disqualify him or her for a state-issued credential under this law; and
3. if the applicant, its authorized owner, or any entity owned or managed by any individual owner named in the application (a) committed multiple violations of the e-cigarette dealer law, (b) is subject to a delinquency assessment by the Department of Revenue Services, or (c) is the subject of any other adverse determination by a government agency, rather than if the applicant violated any other provision of the e-cigarette dealer law.

Registration Requirements

The bill expands the information applicants for an initial or renewal e-cigarette dealer registration must provide to include (1) proof that they have obtained the compliance bond described above, if applicable, and (2) a certification that the ENDS and vapor products they offer for sale comply with federal and state law, including the federal Food, Drug and Cosmetic Act's requirement for tobacco products.

Sufficient Cause for DCP Enforcement Actions

Current law allows the DCP commissioner to take certain actions

against an e-cigarette dealer for sufficient cause, including suspending, revoking, or refusing to grant or renew their registration. Under current law, sufficient cause includes illegally possessing, offering, or selling any illegal or controlled substance. The bill specifies that this applies to the registrant, its owner, or anyone with a financial interest in the registrant (presumably the individual owners named in the application, as described above).

Reapplication Prohibition

Current law prohibits anyone whose dealer registration was revoked, including the registrant's owners, from applying for a dealer registration for one year after the revocation date. The bill (1) extends this reapplication prohibition to anyone with a financial interest in the registrant and (2) bars anyone whose dealer registration was revoked from having a financial interest in another applicant for one year after the revocation date.

Civil Penalty

The bill authorizes the DCP commissioner to impose a civil penalty of up to \$10,000 for each ENDS and vapor product sold, offered for sale, or marketed in violation of the dealer registration law. Each of these products is a separate violation. The bill allows the attorney general, upon the DCP commissioner's request, to bring an action in the Hartford Superior Court to collect the civil penalty and for any injunctive or equitable relief. In any enforcement action the attorney general brings where the state wins, the state may recover the investigation costs, expert witness fees, costs of the action, and reasonable attorney's fees.

Seizure of Products in Violation of the Law

Under the bill, any ENDS or vapor products sold, offered for sale, or marketed in violation of the dealer registration law, as well as any controlled substance or cannabis sold, offered for sale, or marketed by a dealer in violation of state law, are a common nuisance and subject to immediate seizure by state or local police.

The officers must hold the products subject to confiscation and

destruction by a court order and the seller or marketer is liable for all seizure, confiscation, and destruction costs, which may be paid from the dealer's compliance bond or sought from its fiduciary agent or guarantor.

§ 2 — PRODUCT CERTIFICATION AND REGISTRATION REQUIREMENTS FOR E-CIGARETTE MANUFACTURERS

Required Certification of FDA Actions

Starting October 1, 2026, the bill requires anyone manufacturing ENDS and vapor products sold or offered for sale in Connecticut (e-cigarette manufacturers) to certify, under penalty for false statement, that each product:

1. has been issued a marketing granted order (MGO) by the FDA or
2. was on the market as of September 9, 2020, and the manufacturer received a filing or substantive review letter from the FDA confirming that the product's application is currently undergoing scientific evaluation by the federal government.

By law, making a false statement is a class A misdemeanor (punishable by up to 364 days' imprisonment, a fine of \$2,000, or both).

E-cigarette manufacturers must give the DCP commissioner (1) a copy of the FDA's MGO or letter, as applicable; (2) a unique submission tracking number for each product; and (3) an annual certification that the product has not been issued an FDA marketing denial order or withdrawn from the federal review process.

Product Registration and Directory

Starting January 1, 2027, the bill requires e-cigarette manufacturers to register their products with DCP annually, subject to an initial \$2,000 registration fee and \$500 renewal fee for each product.

DCP must create an online directory of these products and their manufacturers by October 1, 2027, and update it at least annually. Starting January 1, 2028, the bill prohibits selling or offering to sell any

products not listed in the directory and makes products sold in violation of the bill's product certification and registration requirements subject to the penalties and seizure provisions for e-cigarettes, as amended by the bill.

BACKGROUND

CUTPA

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the DCP commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, impose civil penalties of up to \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

Related Bill

sSB 231 (File 174), favorably reported by the General Law Committee, contains the same provisions that generally expand the reasons for which DCP must deny a dealer registration.

sHB 5228 (File 235), favorably reported by the General Law Committee, requires DCP to deny an initial or renewal e-cigarette dealer registration if more than (1) half of the applicant's annual gross revenue comes from sales of certain nicotine-related products and (2) 25% of its retail sales area is dedicated to selling these products. It also requires DCP to deny an initial dealer registration if the proposed business is located in a municipality that already has one dealer for every 2,500 residents based on the most recently completed decennial census.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 53 Nay 0 (04/01/2026)